

01739

1994/08/00

EVENT SCENARIO

Event: Meeting with Premier Li Peng

Date: Monday, August 29, 1994

Time: 5:00-6:00 p.m.

Location: Great Hall of the People, Zhong Nan Hai or Diao Yu Tai State Guest House

Participants: Limited to 25, including:
Suggested USG Delegation:
private meeting:

Secretary Brown
Ambassador Roy
Caperton
Interpreter Jim Brown
Stein
Lew
Garten
Rothkopf
Kyle
SCO Hendryx

Joined by:
Fitz-Pegado
Harrington
Wilson
Yang
Moss

Business Delegation:

SCE
Arco
Solomon
Chrysler
Eastman Kodak
Grigsby
Westinghouse
Fluor
AST
Fedex
Bell Atlantic
Entergy
Foster Wheeler

Objective: TBD

Advocacy: The Secretary will want to use this opportunity to advocate on a number of major projects in which U.S. companies are vying for contracts among numerous industry sectors. An advocacy letter supporting these projects signed by the Secretary should be handed to the Minister during the meeting. A discussion on the projects on which the Secretary should advocate during this meeting is attached as a non-paper.

Overview: TBD. We will request initial 15 minute session for small senior delegation to be followed by larger delegation including full interagency and business delegation. During the last 15 minutes, the business delegation would enter and introduce themselves; perhaps one designee from the business delegation would follow with brief remarks.

Press Plan: TBD

Gift: TBD; generally delivered after the meeting through protocol officers.

MEETING WITH PREMIER LI PENG

Background

Overview

You will have a short, private meeting with Premier Li, before being joined by other senior members of your delegation as well as members of the business delegation. During the last part of your meeting, members of your business delegation will introduce themselves and a selected member of the business delegation may make brief remarks on behalf of the business delegation. You should take the opportunity in your private meeting with Li to raise U.S. concerns regarding human rights. Li is likely to raise the more contentious trade issues such as China's GATT accession, TDA and OPIC, as well as the USG policy review with respect to Taiwan. Taiwan may also be raised. (Please refer to the Key Bilateral Issues paper for background on IPR, GATT, TDA, OPIC, and backgrounder on Current Status of Human Rights Issues).

Background

Human Rights. Although your mission is first and foremost a commercial mission, it is important that you take the opportunity in meetings with Chinese government officials who have broad responsibilities to place your visit within the context of our engagement strategy and raise U.S. human rights concerns. As Premier of the State Council (since 1988), Li is an appropriate official with whom you should press the Administration's concerns regarding human rights.

Following the President's May 26 MFN decision, we have begun to define and implement our human rights policy through new, non-MFN methods. We have continued to pursue our human rights policy through formal and informal meetings with the Chinese. We have told the Chinese that an early resumption of the dialogue on human rights is the best way to resolve our differences.

MEETING WITH PRESIDENT LI PENG
Talking Points

INTRODUCTION

- I AM HONORED TO HAVE THE OPPORTUNITY TO LEAD THE FIRST CABINET-LEVEL VISIT TO CHINA IN THE WAKE OF THE PRESIDENT'S DECISION ON CHINA'S MFN STATUS.
- AS YOU KNOW, I AM HERE IN CHINA TO LEAD A PRESIDENTIAL BUSINESS DEVELOPMENT MISSION. THIS MISSION IS THE LARGEST U.S. COMMERCIAL DELEGATION EVER TO VISIT CHINA.
- REPRESENTED ON THIS MISSION ARE U.S. INDUSTRY LEADERS IN THE TELECOMMUNICATIONS, ENERGY, TRANSPORTATION, AND SERVICES SECTORS—AREAS WHERE U.S. TECHNOLOGY AND TECHNICAL EXPERTISE EXCEL AND CHINA'S DEVELOPMENT NEEDS ARE GREATEST. YOU WILL MEET THEM SHORTLY.
- THESE AND OTHER FIRMS ARE EAGER TO PARTICIPATE IN CHINA'S INFRASTRUCTURE DEVELOPMENT; MANY ARE BIDDING ON KEY PROJECTS WHICH ARE LIKELY TO BE DECIDED ON IN THE NEAR FUTURE.

- ANOTHER PURPOSE OF MY MISSION IS TO SET IN PLACE A VARIETY OF COOPERATIVE AGREEMENTS UNDER THE JOINT COMMISSION ON COMMERCE AND TRADE (JCCT) AND TO INITIATE A PROGRAM OF TECHNICAL EXCHANGES.
- AT NO OTHER TIME IN OUR BILATERAL RELATIONSHIP HAVE WE HAD A BETTER OPPORTUNITY TO ADVANCE OUR COMMERCIAL RELATIONSHIP WITH CHINA. WE WOULD LIKE TO WORK WITH YOU TO FULLY REALIZE THE POTENTIAL OF OUR COMMERCIAL RELATIONSHIP. I BELIEVE THAT BOTH THE U.S. AND CHINA HAVE MUCH TO GAIN THROUGH A STRONGER ECONOMIC PARTNERSHIP.
- I WOULD ALSO LIKE TO SUGGEST THAT AS WE BUILD ON THE MORE POSITIVE ASPECTS OF OUR RELATIONSHIP, WE MUST MAINTAIN FOCUS ON OTHER CRITICAL ISSUES, MOST IMPORTANTLY HUMAN RIGHTS.

HUMAN RIGHTS (ADDITIONAL TALKING POINTS PROVIDED SEPARATELY)

- ON MAY 26, PRESIDENT CLINTON EMPHASIZED THAT HUMAN RIGHTS WILL CONTINUE TO BE A CENTRAL ASPECT OF OUR RELATIONSHIP.
- STRONG U.S.-CHINA RELATIONS, BASED ON MUTUAL RESPECT, REQUIRE IMPROVEMENT IN CHINA'S HUMAN RIGHTS RECORD TO MAINTAIN THE SUPPORT OF THE AMERICAN PEOPLE.

- THE UNITED STATES PRESSES ALL GOVERNMENTS--CHINA AMONG THEM--ADHERE TO INTERNATIONALLY ACCEPTED STANDARDS OF HUMAN RIGHTS.
- THE VALUES EMBODIED BY THESE INTERNATIONAL STANDARDS ARE UNIVERSAL AND THEIR IMPLEMENTATION WILL ESTABLISH THE FOUNDATIONS FOR A STRONG, PROSPEROUS AND STABLE CHINA.
- THE BEST WAY TO NARROW OUR DIFFERENCES ON THESE HUMAN RIGHTS ISSUES IS TO RESUME PROMPTLY OUR BILATERAL HUMAN RIGHTS DIALOGUE.

GATT (IF RAISED)

- U.S. "STAUNCH" SUPPORT OF CHINA'S ACCESSION. THE UNITED STATES HAS SUPPORTED, AND CONTINUES TO SUPPORT, THE ENTRY OF CHINA INTO THE GATT, AND INTO THE INTERNATIONAL TRADING COMMUNITY, ON TERMS THAT ARE APPROPRIATE TO CHINA'S ECONOMIC AND TRADE SYSTEM AND COMPATIBLE WITH GATT PRINCIPLES.
- CHINA HAS APPROACHED THE GATT NOT AS A CENTRALLY PLANNED, NON-MARKET ECONOMY, BUT AS A COUNTRY WHOSE ECONOMIC AND TRADE SYSTEM IS BEING REFORMED TO PRODUCE A REGIME THAT CAN

ACTUALLY ADOPT GATT-MANDATED MECHANISMS TO REGULATE ITS TRADE AND TO ACHIEVE TRUE MARKET ACCESS.

- HOWEVER, BOTH CHINA AND THE CONTRACTING PARTIES (CPS) ARE AWARE THAT CHINA'S ECONOMIC AND TRADE SYSTEM IS NOT YET GATT COMPATIBLE. A NEGOTIATED SET OF ECONOMIC SAFEGUARDS IN CHINA'S PROTOCOL OF ACCESSION IS ONE OF THE STEPS WHICH COULD SPEED CP ACCEPTANCE OF CHINA'S GATT MEMBERSHIP AND ACCELERATE CHINA'S INTERNAL REFORM.
- LDC TREATMENT IN GATT. CHINA IS ONE OF THE FASTEST GROWING TRADING NATIONS IN THE WORLD AND IS INTERNATIONALLY COMPETITIVE IN MANY INDUSTRIAL AREAS. SUCH A LARGE, COMPETITIVE, GROWING AND TRANSFORMING TRADE REGIME CANNOT BE REGARDED AS A LESS-DEVELOPED COUNTRY IN ITS GATT RELATIONS.
- CHINA SHOULD CONTINUE TO TAKE A CONSTRUCTIVE APPROACH TO ITS GATT/WTO ACCESSION NEGOTIATIONS, UNDERSTANDING THAT COMMITMENTS TO FURTHER SOLIDIFY CHINA'S REFORMS AND OPENING TO THE WORLD SERVE CHINA'S ECONOMIC INTERESTS AS MUCH OR MORE THAN THEY SERVE THOSE OF THE OTHER GATT CPS.

- COVERAGE OF U.S. TARIFF REQUEST LIST. THE UNITED STATES HAS PRESENTED ITS GATT/WTO TARIFF REQUEST TO CHINA. THIS DOCUMENT WAS VERY CAREFULLY PREPARED. IT IS A REASONABLE AND STRAIGHTFORWARD REQUEST REPRESENTING U.S. TRADE INTERESTS AND INCORPORATING THE HARMONIZED TARIFF REDUCTIONS AGREED TO IN THE URUGUAY ROUND.
- THE UNITED STATES REQUEST FOR COMPREHENSIVE AND COMMERCIALLY MEANINGFUL TARIFF REDUCTIONS REFLECTS THE CONTINUING INTEREST OF THE U.S. BUSINESS COMMUNITY IN GAINING ACCESS TO AND COMPETING FAIRLY IN THE LARGE AND GROWING CHINA MARKET.
- "FOUNDING" MEMBERSHIP IN THE WTO. WE ARE AWARE OF CHINA'S DESIRE TO COMPLETE ITS GATT ACCESSION NEGOTIATIONS BY THE END OF 1994, IN ORDER TO QUALIFY FOR "FOUNDING" MEMBERSHIP IN THE WTO, WHICH WAS ESTABLISHED AT THE APRIL 15 MARRAKESH MEETING AND WHICH WE EXPECT TO BE IMPLEMENTED AT THE END OF THIS YEAR.
- GIVEN THE SIZE, COMPLEXITY AND RAPIDLY CHANGING CHARACTERISTICS OF CHINA'S TRADE REGIME, AND THE CONCERNS OF MANY CONTRACTING PARTIES ABOUT CHINA'S ABILITY TO UNIFORMLY

IMPLEMENT FUNDAMENTAL GATT OBLIGATIONS, WE DO NOT BELIEVE THAT AN ARTIFICIAL OR ARBITRARY DEADLINE, SUCH AS QUALIFYING FOR FOUNDING MEMBERSHIP IN THE WTO, SHOULD BE IMPOSED ON COMPLETION OF CHINA'S ACCESSION.

FINANCING ISSUES (IF RAISED)

- **TDA AND OPIC.** WE AGREE THAT BOTH TDA AND OPIC ARE IMPORTANT TO FURTHERING COMMERCIAL COOPERATION BETWEEN OUR TWO COUNTRIES. THE PRESIDENT'S RECENT DECISION ON CHINA'S MFN STATUS CALLED FOR THE CONTINUATION OF THE SUSPENSION OF BOTH THESE PROGRAMS IN CHINA.

LI Peng
(Phonetic: lee)
(2621/7720)

*Premier, State Council (since 1988);
Member, Standing Committee, Politburo,
Chinese Communist Party (CCP)
(since 1987)*

Addressed as: Mr. Premier

Premier Li Peng has long supported central economic planning and other hardline economic policies, but he recently has been cooperating with economic reform advocates such as Vice Premier Zhu Rongji as part of the senior leadership's effort to stress stability, according to the media. Li generally takes a conservative approach to social and political issues, the press reports. In early 1993 he made several speeches castigating Hong Kong Governor Chris Patten's proposed reforms, which Li characterized as being a threat to Chinese sovereignty and stability. After the collapse of Communist rule in the Soviet Union, he publicly stressed China's continued adherence to socialism and told the foreign media that a multiparty system would be inappropriate for China and would only lead to chaos. Press reports suggest that Li supported the use of force against the student protesters in Tiananmen Square in June 1989.

Li dropped from public view shortly after beginning his second term as Premier in March 1993. Although official Chinese press statements initially attributed his absence to a cold, Li later publicly stated that he had suffered from a heart ailment. He resumed a normal schedule of meetings in late August 1993 and claimed at his first public appearance that he had fully recovered.

Li was born on 20 October 1928. According to press reports, his father—an early Communist leader—was killed in 1931 by the Kuomintang, and

CHINA



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Li came under the protection of Zhou Enlai, who became Premier under Mao Zedong. At age 18, Li joined an elite group of Chinese students studying in what was then the Soviet Union, where he remained for seven years. He worked with Soviet advisers during the early part of his 26-year career in the electric power industry. He was not purged during the Cultural Revolution. Li launched his national career as a vice minister of electric power in 1980 and became Minister the following year. In 1983 he leapfrogged several more senior leaders to become a vice premier.

Li's wife, Zhu Lin, graduated from the Harbin Foreign Language College and has spent her career in the electrical sector. The couple has a daughter, two sons, and three grandchildren.

17 August 1994